

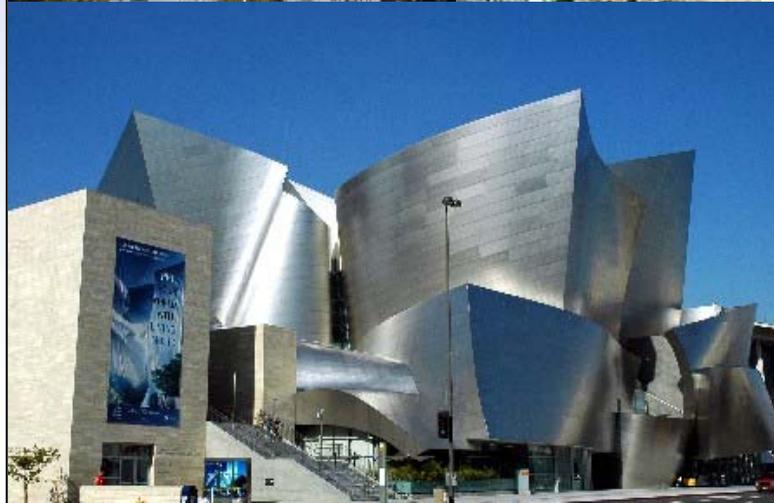


***CDIAC
Mechanics of a
Bond Sale
Pre-Closing
Issuer
Responsibilities***



Thursday, April 19, 2007

***Natalie R. Brill
Chief of Debt Management
City of Los Angeles***



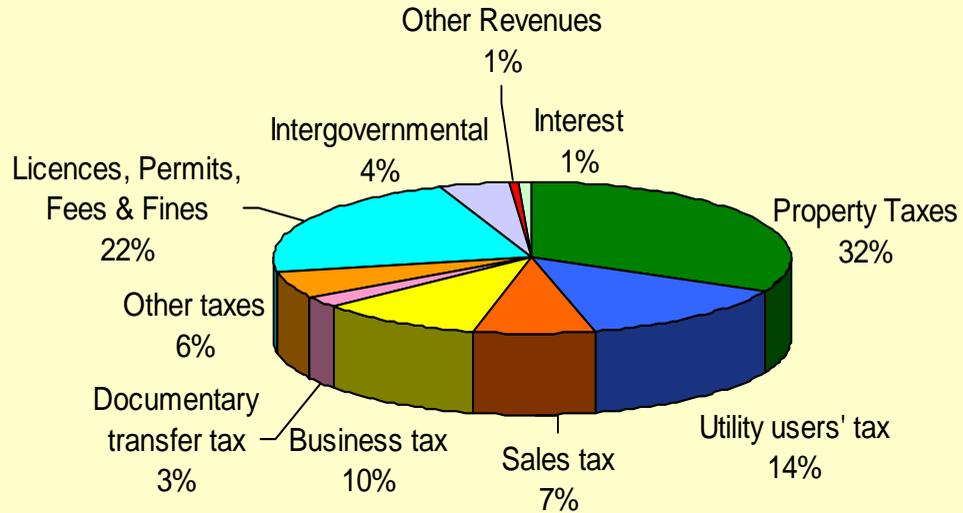
City of Los Angeles Overview

City of Los Angeles

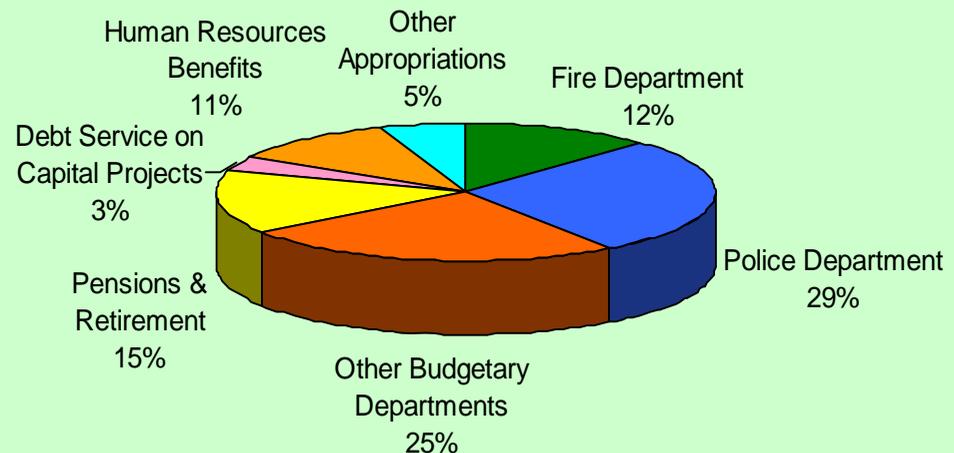
- ❑ Founded in 1781, second largest City in the US
- ❑ About 47,000 full-time City employees (includes proprietary departments)
- ❑ Population of approximately 4 million
- ❑ Area of 470 square miles

2008-09 Adopted Budget – General Fund Total: \$4.55 Billion

General Fund Revenues



General Fund Expenditures

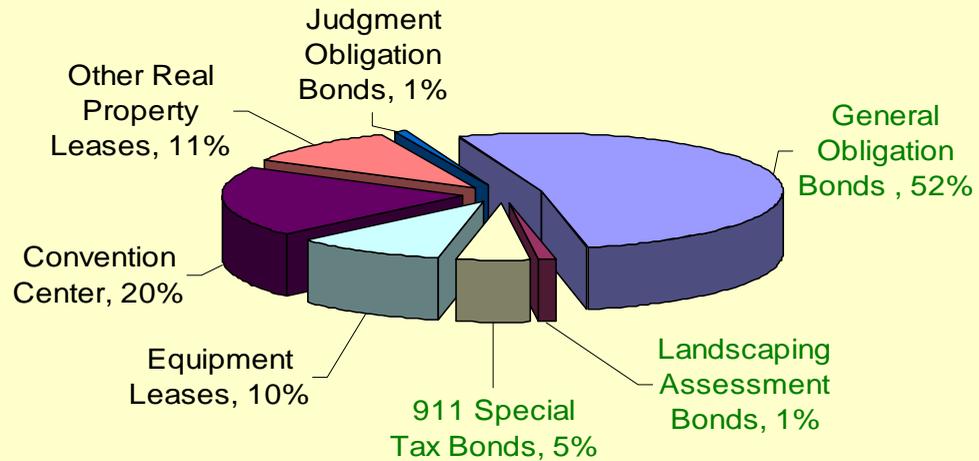


City of Los Angeles Debt Portfolio

City of Los Angeles Debt Portfolio:

- ❑ AA/Aa General Obligation Bond Rated City
- ❑ \$6.4 billion debt portfolio
- ❑ Variable rate debt programs include variable rate demand bonds, swaps and commercial paper

Outstanding Direct Debt (Voter-Approved in Green)



Debt Category	Ratings (F/M/S&P)	Outstanding*
General Obligation Bonds	AA/Aa2/AA	1,274,866,100
Convention & Exhibition Center Authority Bonds	AA-/A1/AA-	513,430,000
MICLA - Real Property	AA-/A1/AA-	1,464,720,000
MICLA - Capital Equipment	AA-/A2/AA-	271,050,000
MICLA - Commercial Paper Program	F1+/P-1/A-1+	193,000,000
Wastewater System Senior Revenue Bonds	AA/Aa2/AA	1,057,199,200
Wastewater System Subordinate Revenue Bonds	AA-/Aa3/AA-	1,192,160,800



Financing Team

Decision factors

- ❑ Method of Sale
- ❑ Type of debt
- ❑ Individual nuances

Participants

- Government Family
 - ✓ Controller
 - ✓ Treasurer
 - ✓ Issuing Agency
 - ✓ City Attorney
 - ✓ Affected Department
- Financial Advisor
- Bond Counsel
- Underwriters' Counsel or Disclosure Counsel
- Underwriters/Remarketing Agents
- Trustee
- Paying Agent/Escrow Agent
- Credit Enhancement Providers
- Rating Agencies



Important documents

Who prepares each document?

What do these documents mean to the City?

What do issuers look for in these documents?

Tips for beginners

- **Authorizing Resolution**
- **Ordinances**
- **Indenture/Trust Agreement**
- **Preliminary Official Statement and Official Statement**
- **Continuing Disclosure Agreement**
- **Reimbursement Agreement**
- **Tax Certificate & 8038-G**
- **Lease Agreements**
- **Credit Enhancement Agreement**
- **Official Notice of Sale and Notice Inviting Bids**
- **Closing Documents**
- **City Specific Documents**



Check list of events

- Setting up pre-closing items
- Establishing funds and accounts
- Reporting systems
- Ongoing disclosure requirements
- Determining reporting periods for debt service project or construction funds



Closing Documents

Hard Learned Tips

- Read everything in final form
- Run a tape on all numbers in final documents
- Let the Financing Team know when you will need signatures; make an appointment if necessary
- Ensure delivery of final documents by Bond Counsel

❑ Usual documents

❑ Funds Closing Memorandum

- Time of Pre-closing and Closing
- Amount to be wired
- Contact information

❑ Closing Certificates

- Underwriters' receipt
- Incumbency certificate
- Agency closing certificate
- Evidence of Insurance
- Trustee Certificate
- Owner's Certificate
- Written request and instructions to Trustee regarding receipt of proceeds
- Costs of Issuance Request
- Letter to Title Insurer from Bond Counsel

